

## Message Text

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ACTION EB-05

INFO OCT-01 EA-11 ADP-00 SS-15 PA-03 PRS-01 NSC-10 RSR-01

RSC-01 /048 W

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P R 230704Z JUL 73

FM AMEMBASSY TAIPEI

TO USIA WASHDC PRIORITY

INFO SECSTATE WASHDC 9277

USDOC WASHDC

AMCONSUL HONG KONG

AMEMBASSY TOKYO

AMEMBASSY SEOUL

USLO PEKING

UNCLAS SECTION 1 OF 2 TAIPEI 4421

USIAC

FOR: IPS/IBS

E.O. 11652: N/A

TAGS: OVIP, TW

SUBJECT: DENT VISIT

1. FOLLOWING IS THE TEXT OF REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF COMMERCE FREDERICK B. DENT AT A LUNCHEON MEETING OF THE TAIPEI AMERICAN CHAMBER OF COMMERCE JULY 23 AT THE PRESIDENT HOTEL:

2. (BEGIN TEXT) "IT IS A GENUINE PLEASURE FOR ME TO ADDRESS THE TAIPEI AMERICAN CHAMBER OF COMMERCE. AS SECRETARY OF COMMERCE AND THE MEMBER OF PRESIDENT NIXON'S CABINET DIRECTLY CONCERNED WITH OUR ECONOMIC RELATIONS OVERSEAS, I AM PLEASED TO HAVE THIS OPPORTUNITY TO MEET WITH YOU TO DISCUSS THE STATE OF THE AMERICAN ECONOMY AND THE CHALLENGES WE FACE, AS WELL AS TO LEARN FROM YOU TO ASSIST IN MEETING THOSE CHALLENGES.

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3. "ON THE ECONOMIC FRONT, THE UNITED STATES IS IN THE

MIDST OF A BOOM, WITH VIRTUALLY ALL SECTORS OPERATING AT NEAR-FULL CAPACITY. INDUSTRY IS EXPERIENCING RECORD PRODUCTION, AS EVERY EFFORT IS MADE TO MEET THE STRONG CONSUMER DEMANDS CREATED BY UNPRECEDENTED WIDE-SPREAD PROSPERITY.

4. "UNEMPLOYMENT, WHICH HAD STABILIZED DOWNWARD AT 5 PERCENT, DECLINED TO 4.8 PERCENT IN JUNE, AND OUR ECONOMY IS CREATING NEW JOBS AT THE RATE OF ABOUT 2.5 MILLION PER YEAR.

5. "CORPORATE PROFITS ARE ON THE INCREASE ONCE AGAIN AND AMERICAN INDUSTRY IS INVESTING IN THE FUTURE WITH A HEALTHY INCREASE IN EXPENDITURES FOR NEW PLANT AND EQUIPMENT OVER 1972.

6. "LAST YEAR'S \$6.3 BILLION TRADE DEFICIT DOES NOT APPEAR SLATED FOR A REPEAT AND OUR TRADE ACCOUNT FOR APRIL SHOWED THE FIRST SURPLUS IN A YEAR AND A HALF. ALTHOUGH THE ACCOUNT WAS IN DEFICIT AGAIN IN MAY, THE BASIC TREND INDICATES OUR EXPORTS ARE INCREASING AT A SIGNIFICANTLY MORE RAPID RATE THAN OUR IMPORTS, AS THE EFFECTS OF THE TWO DOLLAR DEVALUATIONS BEGIN TO SURFACE.

7. "PRESIDENT NIXON HAS CHARGED THE DEPARTMENT OF COMMERCE WITH THE RESPONSIBILITY FOR BRINGING OUR TRADE ACCOUNT INTO BALANCE, OR PREFERABLY INTO MODERATE SURPLUS. THIS IS ESSENTIAL TO PROVIDE FOR THE AMERICAN CONSUMER'S APPETITE FOR IMPORTED PRODUCTS, TO PAY FOR THE NEEDED INCREASE IN ENERGY IMPORTS IN THE YEARS AHEAD, AND TO SUPPORT OUR INTERNATIONAL EFFORTS TO BUILD PEACE AND ECONOMIC STABILITY.

8. "IN ORDER TO MEET THIS CHALLENGE OF SELLING AMERICAN PRODUCTS TO THE WORLD AT AN INCREASED RATE, IT IS APPARENT THAT WE MUST CONCENTRATE OUR EFFORTS ON THE FAR EAST. WHILE WE ARE ALL FAMILIAR WITH THE FACT THAT OUR GREATEST SINGLE DEFICIT LAST YEAR WAS WITH JAPAN, IN THE AMOUNT OF \$4.1 BILLION, WE SHOULD ALSO REALIZE THAT IN 1972 OUR NET TRADE DEFICIT WITH THE EUROPEAN COMMUNITY WAS \$629 MILLION WHILE OUR NET DEFICIT WITH OUR 12 LEADING FAR EAST TRADE UNCLASSIFIED

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PARTNERS WAS \$5.2 BILLION.

9. "WE ARE PLEASED WITH THE ATTITUDE AND THE ACTIONS OF THE GOVERNMENT OF THE REPUBLIC OF CHINA TOWARD INCREASING IMPORTS OF AMERICAN PRODUCTS. THE REPUBLIC OF CHINA NOW RANKS 12TH AMONG NATIONS IN VOLUME OF TRADE WITH THE UNITED STATES AND IT HAS BEEN PREDICTED THAT IT WILL RANK SIXTH WITHIN THE NEXT DECADE.

10. "WITH THE ECONOMY OF THE REPUBLIC OF CHINA GROWING AT THE RATE OF 11 PERCENT ANNUALLY IN REAL TERMS, THE UNITED STATES RECOGNIZES THE IMPORTANCE OF INCREASING COMMERCIAL COOPERATION WITH THE REPUBLIC OF CHINA. WITH THIS IN MIND, IT IS INDEED A PLEASURE FOR ME TO ANNOUNCE TODAY THAT THE DEPARTMENT OF COMMERCE HAS NEGOTIATED AN AGREEMENT WITH THE REPUBLIC OF CHINA FOR THE ESTABLISHMENT OF A UNITED STATES TRADE CENTER HERE IN TAIPEI. OFFICIALS OF THE REPUBLIC OF CHINA HAVE BEEN MOST COOPERATIVE IN MEETING OUR NEEDS FOR THE OPERATION OF THIS CENTER AND MOST GENEROUS IN THEIR CONTRIBUTION TO THE SUPPORT OF THE TRADE CENTER.

11. "WE HOPE TO OPEN THE CENTER IN THE SPRING OF 1974 AND WE ARE CONFIDENT THAT IT WILL FACILITATE BOTH THE EFFORTS OF AMERICAN SUPPLIERS TO TAKE ADVANTAGE OF THE INCREASED EXPORT OPPORTUNITIES IN TAIWAN AND THE EFFORTS OF CHINESE BUSINESSMEN AND OFFICIALS TO INCREASE IMPORTS FROM THE UNITED STATES.

12. "THIS TRADE CENTER WILL BE BOTH A SYMBOL OF OUR COMMITMENT TO STRONG ECONOMIC TIES WITH THE REPUBLIC OF CHINA AND A CONCRETE ACTION FOR FACILITATING THE SALE OF AMERICAN GOODS ON A CONTINUING BASIS. THIS NEW CENTER FOLLOWS THE SUCCESSFUL TRADE MISSION OF THE REPUBLIC OF CHINA TO THE UNITED STATES EARLIER THIS YEAR AND IS THE FIRST OF MANY PLANS DESIGNED TO INCREASE ACCESS TO AMERICAN PRODUCTS FOR THE CHINESE PEOPLE.

13. "WE ARE PLEASED THAT THE GOVERNMENT OF THE REPUBLIC OF CHINA WILL SPONSOR AMPRO -- '74 NEXT SPRING FEATURING AMERICAN CONSUMER GOODS AND INDUSTRIAL EQUIPMENT. WE UNCLASSIFIED

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ARE ALSO PLEASED ABOUT THE IN-STORE PROMOTION OF OUR CONSUMER GOODS TO BE HELD THIS YEAR AND IN 1974.

14. "WITH REGARD TO OUR TRADE CENTER, THE COMMERCE DEPARTMENT IS TENTATIVELY PLANNING AN INDUSTRIAL AND SCIENTIFIC INSTRUMENTATION THEME FOR THE OPENING EVENT AND WE HAVE TENTATIVELY SCHEDULED FIVE TRADE CENTER SHOWS FOR 1975.

15. "THE GOAL OF PRESIDENT NIXON TO CORRECT THE UNITED STATES' TRADE DEFICIT CONCERNS MORE THAN MORE AGGRESSIVE EXPORT PROMOTION POLICIES, AS IMPORTANT AS THESE MAY BE. THE ADMINISTRATION HAS SENT THE TRADE REFORM ACT OF 1973 TO THE CONGRESS -- THE MAIN PURPOSE OF WHICH IS TO ACHIEVE THE OPENING UP OF WORLD MARKETS AND THE

LIBERALIZING OF TRADE.

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ACTION EB-05

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P R 230704Z JUL 73

FM AMEMBASSY TAIPEI

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INFO SECSTATE WASHDC 9278

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AMCONSUL HONG KONG

AMEMBASSY TOKYO

AMEMBASSY SEOUL

USLO PEKING

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16. " THE TRADE BILL IS PRESENTLY IN THE HOUSE WAYS AND MEANS COMMITTEE AND WE ARE HOPEFUL THAT IT WILL BE REPORTED PRIOR TO THE AUGUST RECESS OF THE CONGRESS. EXTENSIVE HEARINGS HAVE BEEN HELD AT WHICH WITNESSES REPRESENTING BUSINESS, LABOR, AGRICULTURAL, AND ACADEMIC GROUPS HAVE PARTICIPATED. WHILE IT IS DIFFICULT TO PREDICT WHAT CONGRESS WILL DO BEFOREHAND, IT APPEARS THE LEGISLATION WILL PASS THE HOUSE SUBSTANTIALLY AS PROPOSED AND WE ARE HOPEFUL THE TRADE REFORM ACT OF 1973 WILL BECOME LAW BEFORE THE END OF THE YEAR.

17. "THIS LEGISLATION HAS GENERALLY BEEN WELL RECEIVED BOTH IN THE CONGRESS AND BY THE PUBLIC AT LARGE. ONE RATHER INTERESTING AND PERHAPS UNDERSTANDABLE ASPECT OF THE REACTION HAS BEEN THAT, IN THE UNITED STATES, CRITICISM OF THE BILL HAS CENTERED ON ITS NOT BEING PROTECTIONIST ENOUGH, WHILE CRITICS ABROAD HAVE VIEWED THE LEGISLATION AS TOO PROTECTIONIST.

18. "THIS TIMETABLE IS NOT EXPECTED TO INTERFERE WITH PREPARATIONS FOR THE UP-COMING MULTILATERAL TRADE NEGOTIATIONS

WHICH WILL BEGIN IN MID-SEPTEMBER IN TOKYO.

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19. "AMONG OTHER ACTIONS WHICH HAVE STRENGTHENED AMERICA'S PARTICIPATION IN THE WORLD ECONOMY HAVE BEEN THE RECENT DEVALUATIONS OF THE DOLLAR. WHILE SOME INTERNATIONAL SPECULATORS PERSIST IN QUESTIONING THE STRENGTH OF OUR ECONOMY, IT IS NOTEWORTHY THAT FOREIGN INVESTMENT IN THE UNITED STATES CONTINUES TO INCREASE, CALLING INTO QUESTION THOSE WHO FEAR A LACK OF PERMANENCY IN OUR PROSPERITY. IN MY OWN HOME STATE OF SOUTH CAROLINA, FOR EXAMPLE, MICHELIN IS BUILDING TWO PLANTS, AND BOTH GERMAN AND JAPANESE COMPANIES HAVE ANNOUNCED CONSTRUCTION OF NEW FACTORIES IN THE STATE IN RECENT WEEKS.

20. "MY REMARKS THUS FAR HAVE CENTERED ON THE AMERICAN ECONOMY, ON THE CHALLENGES WE FACE, ON WHAT WE ARE DOING AND PLANNING TO MEET THESE CHALLENGES. YET IN A GREATER SENSE, IT IS AN ANACHRONISM TO SPEAK OF AN ECONOMY AS IF IT WERE CONFINED TO A PARTICULAR NATION. WE ARE LIVING IN AN ERA IN WHICH ECONOMIC TRENDS CROSS NATIONAL BOUNDARIES WITH EASE, AND WHILE NATIONAL POLICIES AND LEADERSHIP REMAIN IMPORTANT, WE MUST RECOGNIZE THAT ECONOMIC TRENDS AND PROBLEMS ARE GENERALLY WORLD-WIDE RATHER THAN MORE LIMITED IN SCOPE.

21. THE GREATEST SINGLE CHALLENGE FACING THE ECONOMIES OF THE FREE WORLD IS THAT OF INFLATION, PARTICULARLY THE RISING PRICE OF FOOD. WHILE THE UNITED STATES WAS ABLE TO CONTAIN THESE INTERNATIONAL FORCES SUCCESSFULLY IN 1972, THIS YEAR THE WORLD-WIDE PROSPERITY WHICH HAS CREATED UNPRECEDENTED DEMAND, PARTICULARLY FOR FOODSTUFFS, HAS BECOME A SERIOUS CHALLENGE TO ALL COUNTRIES.

22. "PRESIDENT NIXON IS WAGING A STRONG AND EFFECTIVE BATTLE AGAINST INFLATION ON SEVERAL FRONTS. THE ADMINISTRATION HAS SUBMITTED A SOUND AND RESPONSIBLE BUDGET TO THE CONGRESS AND PRESIDENT NIXON IS HOLDING DOWN FEDERAL SPENDING BOTH THROUGH EXECUTIVE ACTION, THROUGH VETOS, AND THROUGH PERSUASION IN THE CONGRESS.

22. "THE ADMINISTRATION INSTITUTED A PRICE FREEZE TO ADMINISTER A SHOCK TO INFLATIONARY PSYCHOLOGY IN PREPARATION  
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FOR PHASE IV TO CONTAIN INFLATION IN THE UNITED STATES  
TO A REASONABLE LEVEL.

23. "PRESIDENT NIXON HAS EMPHASIZED THAT THE PURPOSE  
OF PHASE IV IS TO PAVE THE WAY FOR A RETURN TO A FREE-  
MARKET ECONOMY. IT WAS FREE-MARKET CONDITIONS WHICH  
CREATED THE WIDE-SPREAD PROSPERITY IN THE UNITED STATES  
AND THIS ADMINISTRATION IS ANXIOUS TO PRUSUE A POLICY  
FREE OF THE RESTRICTIONS AND DISTORTIONS WHICH INEVITABLY  
OCCUR IN A CONTROLLED ECONOMY.

24. "BECAUSE OF THE HIGH DEMAND AND SUPPLIES WHICH HAVE  
NOT YET MET THAT DEMAND, IT HAS BEEN NECESSARY FOR THE  
UNITED STATES TO INSTITUTE EXPORT CONTROLS ON SOME ITEMS.  
WE EXPECT THESE CONTROLS TO BE TEMPORARY AND WE ARE  
PLEASED WITH CURRENT INDICATIONS THAT WE WILL HAVE SUBSTANTIAL  
SUPPLY INCREASES OF SEVERAL AGRICULTURAL CROPS, PARTICULARLY  
WHEN SOYBEANS ARE HARVESTED THIS FALL.

25. "IN THE MEANTIME, THE UNITED STATES WISHES TO BE  
COOPERATIVE WITH OTHER NATIONS IN ACHIEVING A FAIR  
SHARING OF THE BURDEN OF THE WORLD-WIDE SHORTAGES OF SOME  
FOOD ITEMS.

26. "IN CONCLUSION, THE OUTLOOK FOR THE ECONOMY OF THE  
UNITED STATES AND FOR OUR FUTURE PARTICIPATION IN THE  
WORLD ECONOMY AT THIS POINT APPEARS BRIGHT. WE, OF COURSE,  
HAVE CHALLENGES TO MEET. WE MUST MEET THE CHALLENGE OF  
INCREASING THE SALES OF AMERICAN PRODUCTS ABROAD, AND I  
REPEAT THAT WE ARE INDEED PLEASED WITH THE COOPERATION IN  
THIS REGARD SHOWN BY OUR HOST, THE GOVERNMENT OF THE  
REPUBLIC OF CHINA. IN THIS DAY OF A WORLD ECONOMY,  
NO NATION CAN AFFORD TO SUSTAIN A LARGE TRADE IMBALANCE  
OVER A LONG PERIOD OF TIME WITHOUT CREATING REPERCUSSIONS  
IN OTHER PARTS OF THE WORLD AND THE FUTURE OF OUR ECONOMIC  
RELATIONS WITH THE REPUBLIC OF CHINA GIVES EVERY INDICATION  
FOR OPTIMISM ON THE PART OF BOTH COUNTRIES.

27. "THE PEOPLE OF THE UNITED STATES HAVE A HIGH ESTEEM  
AND STRONG AFFECTION FOR THE PEOPLE OF THE REPUBLIC OF  
CHINA. REPRESENTED HERE ARE BOTH AN ANCIENT AND FASCINATING  
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CULTURE AND A DYNAMIC AND FORWARD THRUSTING PEOPLE MOVING  
RAPIDLY AHEAD IN THE ECONOMIC ARENA. OUR CONTINUED CLOSE  
ASSOCIATION WITH THE REPUBLIC OF CHINA IS IMPORTANT NOT  
ONLY TO OUR TRADITIONAL FRIENDSHIP FOR THE CHINESE PEOPLE  
BUT ALSO FOR OUR MUTUAL ECONOMIC PROGRESS.

28. "THANK YOU." (END TEXT)

CLARKE

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